

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

April 5, 2021

4:04 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Ivy Spohnholz, Co-Chair
Representative Calvin Schrage
Representative Liz Snyder
Representative James Kaufman
Representative Ken McCarty

MEMBERS ABSENT

Representative David Nelson

COMMITTEE CALENDAR

HOUSE BILL NO. 30

"An Act relating to notice of workers' compensation death benefits; relating to the payment of workers' compensation benefits in the case of permanent partial impairment; relating to the payment of workers' compensation death benefits; and providing for an effective date."

- MOVED HB 30 OUT OF COMMITTEE

HOUSE BILL NO. 149

"An Act relating to allowing certain child day care providers to organize for the purpose of collective bargaining."

- HEARD & HELD

HOUSE BILL NO. 110

"An Act raising the minimum age to purchase, sell, exchange, or possess tobacco, a product containing nicotine, or an electronic smoking product; relating to transporting tobacco, a product containing nicotine, or an electronic smoking product; relating to the taxation of electronic smoking products; and providing for an effective date."

- HEARD & HELD

CONFIRMATION HEARING(S) :

State Board of Registration For Architects, Engineers & Land Surveyors

Jake Maxwell - Anchorage
Arpad "Bruce" Magyar - Anchorage
Catherine Fritz- Juneau

- CONFIRMATION(S) ADVANCED

State Physical Therapy & Occupational Therapy Board

Nathan Missler - Anchorage

- CONFIRMATION(S) ADVANCED

Board of Dental Examiners

Christina Hansen - Fairbanks
Bradley Heaston - Anchorage
Gregory Johnson - Fairbanks

- CONFIRMATION(S) ADVANCED

Board Of Examiners In Optometry

Pamela Steffes - Sitka
Michael Mavencamp - Fairbanks

- CONFIRMATION(S) ADVANCED

Board of Marital & Family Therapy

Richard Clampitt - Palmer
Joy Collins - Anchorage
Kayla Green - Eagle River

- CONFIRMATION(S) ADVANCED

Board of Professional Counselors

Sammie O'Neal - Eagle River
Eleanor Vinson - Juneau

- CONFIRMATION(S) ADVANCED

Board of Psychologist & Psychological Associate Examiners

Bernard Gatewood - Fairbanks
Bradley McConnell - Anchorage
Sherri Scott - Anchorage

- CONFIRMATION(S) ADVANCED

Board of Social Work Examiners

Brandon Ercanbrack - Kotzebue

- CONFIRMATION(S) ADVANCED

Regulatory Commission of Alaska

Robert Pickett - Palmer
Keith Kurber - Fairbanks

- CONFIRMATION(S) ADVANCED

PREVIOUS COMMITTEE ACTION

BILL: HB 30

SHORT TITLE: WORKERS' COMP: DEATH; PERM PARTIAL IMPAIR
SPONSOR(S): REPRESENTATIVE(S) JOSEPHSON

02/18/21	(H)	PREFILE RELEASED 1/8/21
02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	L&C, FIN
03/03/21	(H)	L&C AT 5:45 PM BARNES 124
03/03/21	(H)	Heard & Held
03/03/21	(H)	MINUTE(L&C)
04/05/21	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 149

SHORT TITLE: CHILD CARE PROVIDER COLLECTIVE BARGAINING
SPONSOR(S): REPRESENTATIVE(S) FIELDS

03/24/21	(H)	READ THE FIRST TIME - REFERRALS
03/24/21	(H)	L&C, STA
04/02/21	(H)	L&C AT 8:00 AM GRUENBERG 120
04/02/21	(H)	<Bill Hearing Canceled>
04/05/21	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 110

SHORT TITLE: AGE FOR NICOTINE/E-CIG; TAX E-CIG.
SPONSOR(S): REPRESENTATIVE(S) HANNAN

02/24/21	(H)	READ THE FIRST TIME - REFERRALS
02/24/21	(H)	CRA, JUD
03/17/21	(H)	CRA & JUD REFERRALS REMOVED
03/17/21	(H)	L&C & FIN REFERRALS ADDED
03/17/21	(H)	BILL REPRINTED
04/05/21	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

CHARLES COLLINS, Director
 Division of Workers' Compensation
 Department of Labor and Workforce Development
 Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 30.

KIMBERLY ROSENBERGER
 Service Employees International Union (SEIU)
 Sacramento, California

POSITION STATEMENT: Gave a presentation on HB 149.

TRISTAN WALSH, Staff
 Representative Fields
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis on HB 149 on behalf of Representative Fields, prime sponsor.

DANIEL WAYNE, Attorney
 Legislative Legal Counsel
 Legislative Legal and Research Services
 Legislative Affairs Agency (LAA)
 Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 149.

REPRESENTATIVE SARA HANNAN
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: Presented HB 110 as prime sponsor.

EMILY NENON, Alaska Government Relations Director
 American Cancer Society Cancer Action Network
 Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 110.

ACTION NARRATIVE

4:04:08 PM

CO-CHAIR IVY SPOHNHOLZ called the House Labor and Commerce Standing Committee meeting to order at 4:04 p.m. Representatives Kaufman, Schrage, McCarty, Snyder, and Spohnholz were present at the call to order. Representative Fields arrived as the meeting was in progress.

HB 30-WORKERS' COMP: DEATH; PERM PARTIAL IMPAIR

4:05:25 PM

CO-CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 30, "An Act relating to notice of workers' compensation death benefits; relating to the payment of workers' compensation benefits in the case of permanent partial impairment; relating to the payment of workers' compensation death benefits; and providing for an effective date."

4:05:57 PM

CHARLES COLLINS, Director, Division of Workers' Compensation, Department of Labor and Workforce Development (DLWD), started by congratulating the board for being able to hold the cost of premiums down, and reminded the committee that 2021 will be the eighth year in a row that has seen a reduction in premiums to employers. He added that that statistic comes with a caveat because some things in workers' compensation haven't been adjusted for many years. He stated that workers' compensation is the only path that an injured worker has to compensation and repairment after a workplace injury. Since 1959, when the [workers' compensation] act was initially implemented, there have been a number of updates, with the last major update occurring in 2005.

MR. COLLINS shared that in Alaska, an employer has three days to inform the Division of Workers' Compensation of an injury that has occurred on the job. Most of the time, he continued, the division gets a report of injury directly from the employer but occasionally a medical provider supplies the report. If the process goes smoothly, the injured employee will get rehabilitated and return to the same job. He explained that "90-plus percent" of injuries follow that procedure. He said that occasionally, an employer wants to follow a different path to rehabilitation than the employee, which is the type of case that is brought before the board, but he shared that this

situation is rare, consisting of "six or seven hundred a year" compared to 17,000 claims. He noted that there is a team of lawyers and employee representatives that support this process. He said that under Alaska workers' compensation law, the employee is only required to pay for the first \$300 consultation. If the employee prevails in the case, the legal counsel gets paid through the [Workers' Compensation] Act and by the employer, and the employee does not have to take on the burden of that cost.

[4:10:37 PM](#)

CO-CHAIR SPOHNHOLZ invited questions from the committee.

[4:10:56 PM](#)

CO-CHAIR SPOHNHOLZ opened public testimony on HB 30. After ascertaining that there was no one who wished to testify, she closed public testimony.

[4:11:13 PM](#)

REPRESENTATIVE KAUFMAN directed attention to Section 2 of the Sectional Analysis, which read as follows [original punctuation provided]:

Section 2: Increases the base amount in AS 23.30.190(a), used to calculated [sic] the compensation for permanent partial impairment, from \$177,000 (2000 amount) to \$273,000 to account for inflation and bring Alaska's compensation rate up to the national average.

REPRESENTATIVE KAUFMAN asked if Alaska was at the national average in the year 2000.

MR. COLLINS responded that in 2000, Alaska's baseline amount of \$177,000 was at the median rather than the average. In 2000, the baseline was changed from \$135,000 to \$177,000 in an effort to bring Alaska closer to the national standards. He explained that due to inflation, Alaska now needs to increase that number again to align itself more closely to the national standards, as Representative Josephson proposed in HB 30.

REPRESENTATIVE KAUFMAN commented that he finds this issue complicated and that there is a lot of information to look through.

MR. COLLINS replied that it takes a doctor's rating to receive a whole body impairment percentage. The baseline of \$177,000 is used as a starting point to calculate compensation. He explained that some states, such as Washington, break the compensation out by injured body part instead of considering the whole body. The doctors determine the percentage using the American Medical Association (AMA) guide and then determine the compensation amount starting from the \$177,000 baseline, which he reiterated has not been updated in 21 years.

[4:15:22 PM](#)

CO-CHAIR SPOHNHOLZ invited questions from the committee.

[4:15:45 PM](#)

CO-CHAIR FIELDS moved to report HB 30 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 30 was reported from the House Labor and Commerce Standing Committee.

[4:16:07 PM](#)

The committee took an at-ease from 4:16 p.m. to 4:17 p.m.

HB 149-CHILD CARE PROVIDER COLLECTIVE BARGAINING

[4:17:13 PM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 149, "An Act relating to allowing certain child day care providers to organize for the purpose of collective bargaining."

[4:17:32 PM](#)

CO-CHAIR FIELDS introduced HB 149 as prime sponsor and explained that he thought it would be useful for the committee to address the gender pay gap, female participation in the workforce, and the devastation the child care industry has experienced due to the COVID-19 pandemic. He offered a PowerPoint presentation entitled, "Raising Wages & Benefits for Child Care Workers (HB 149)," and covered the information, on slide 2, "Problem:" which read as follows [original punctuation provided]:

- Persistent low wages and benefits result in high turnover and inadequate supply of child care workers.
- Low wages/benefits discourage investment in quality instruction

CO-CHAIR FIELDS proceeded to slide 3, "Why does it matter?" and explained that inadequate child care has been causing parents to leave Alaska and is contributing to population decline. He explained that while every state faces child care problems, Alaska may actually be able to solve these problems as it is a small state. The slide read as follows [original punctuation provided]:

- Alaska needs to attract and retain highearners including parents with families (currently losing population among age 30- 50)
- Early childhood education has greatest impact on human capital development, and highest ROI

CO-CHAIR FIELDS advanced to slide 4, "Lessons from other States/Nations," which read as follows [original punctuation provided]:

- 11 U.S. states have established bargaining structures for home- based child care providers to bargain with state to establish livable wages and benefits that expand supply of child care providers
- First state: Illinois, 2005. California most recent state to adopt model.
- European countries directly subsidize child care centers for parents of all income levels, and provide tax credits
- And Northern Europe uses sectoral bargaining to set wages/benefits

CO-CHAIR FIELDS stated that HB 149 follows the model that 11 other states are already following. He said that he intends this bill to spark conversation in the committee and that he is open to there being other potential models the state could implement to solve this problem.

CO-CHAIR FIELDS moved to slide 5, "Mechanisms to Raise Wages," and shared his understanding that the reason why construction workers make middleclass wages is arbitrary, and was just a policy decision. He offered the idea that perhaps the same should be done for child care. The slide read as follows [original punctuation provided]:

- Collective Bargaining (U.S. model / H.B. 149)
- Establishing prevailing wages (based on U.S. construction policy model)
- Directly subsidize (Europe model)

[4:21:59 PM](#)

CO-CHAIR FIELDS proceeded to slide 6, "Why Now?" which read as follows [original punctuation provided]:

- Growing federal support for child care-> To deploy most effectively, need the right policy framework
- Pandemic decimated female participation in workforce AND crushed many child care providers-> Need to help industry and working families recover

CO-CHAIR FIELDS added that the collective bargaining process is proposed differently under HB 149 in that the child care providers are allowed to determine whether they would like to engage in bargaining.

[4:23:37 PM](#)

KIMBERLY ROSENBERGER, Service Employees International Union (SEIU), offered a PowerPoint presentation entitled, "AB 378: Providers' Vision for Their Union," and explained that AB 378 relates to the assembly bill that passed in 2019 in California that authorized child care providers to collectively bargain. She began on slide 2, which read as follows [original punctuation provided]:

- After 16 years, providers win right to choose a union.
 Similar to 11 other states.
 Bill enables:
- Election to choose union
 - Collective bargaining
 - Training partnership

MS. ROSENBERGER added that this is necessary because child care providers are considered small businesses and are therefore not covered by a number of wage or labor laws. Child care employees were considered low wage workers, she said. To combat this, SEIU had to get an anti-trust exception which would allow the State of California to determine that the benefit of collective bargaining outweighs the risk of anti-competition.

MS. ROSENBERGER showed the information on slide 3, which read as follows [original punctuation provided]:

Also covers the following:

- Set of topics standard to many labor laws
 - Current labor law did not cover providers
 - Defines who is included:
 - Providers who care for state-subsidized kids ◦
- Includes licensed and license-exempt
- Not assistants or centers

[4:26:08 PM](#)

MS. ROSENBERGER continued to slide 4, "Collective Bargaining Scope," which read as follows [original punctuation provided]:

Addressed in section 8434.5 of bill

- Lists required subjects; others permissible
 - Rates, benefit trust fund, training, improving provider retention/recruitment
- Funding must be passed by Legislature
- Does not include non-state controlled topics

MS. ROSENBERGER moved to slide 5, "Process for representation," which read as follows [original punctuation provided]:

Addressed in section 8434 of bill

- Adapts law for many CA public employees
- Includes:
 - Show provider interest
 - List of eligible voters
 - Notifying providers
 - Timelines, other guidance

MS. ROSENBERGER advanced to slide 6, "Training partnership," and explained that training is essential as many entities cannot remain open while also providing sufficient training. The slide read as follows [original punctuation provided]:

Addressed in section 8442 of bill

- Shorter language in final bill
- Intent the same: consult with partners about training, professional development \$, programs
- Lists required partners including R&R Network, others possible

[4:28:01 PM](#)

MS. ROSENBERGER proceeded to slide 7, "In other states," which read as follows [original punctuation provided]:

Providers in 11 other states have a voice through their union. Typical improvements:

- Higher rates + add'l for training, infants, nontraditional hours
- Health care thru a union trust
- Voice in regulation and quality improvement
- Expanded training
- Smoother eligibility process for parents

MS. ROSENBERGER reminded the committee that California is the newest state to join SEIU and has already seen the benefits of being part of the union.

[4:29:03 PM](#)

CO-CHAIR SPOHNHOLZ invited questions from the committee.

[4:29:06 PM](#)

REPRESENTATIVE KAUFMAN asked Ms. Rosenberger what the other 11 states are that have joined the union.

MS. ROSENBERGER asked if she could get back to him on that and noted that there is a document that lists the states that she could share with the committee.

[4:29:49 PM](#)

CO-CHAIR FIELDS responded that Illinois, Oregon, Washington, Iowa, New Jersey, Michigan, and Wisconsin were some of the first to join the union as of 2007, and since then, New York, Pennsylvania, Kansas, Maryland, Ohio, Maine, and New Mexico have joined.

[4:30:31 PM](#)

REPRESENTATIVE KAUFMAN noted that organizing will cause costs to go up, and asked how that improves accessibility.

CO-CHAIR FIELDS answered that this would be one multi-employer election overseen by the Alaska Labor Relations Agency (ALRA), which has provided a fiscal note. In terms of accessibility, he stated that small businesses have a difficult time finding high-

quality and affordable health insurance, and that organizing would make it easier for these businesses to access benefits. He reiterated that high quality training also contributes to a more efficient system, and it has been demonstrated that it results in lower employee turnover. He noted that if an individual wants to pay more for high quality child care, that level of care is not available at a higher price because child care workers are considered low wage workers. He explained that some of this is historical as child care workers are often people of color, and he shared his understanding that the United States Congress didn't want to give collective bargaining rights to people of color. He said that farm workers, domestic workers, and women were excluded from collective bargaining rights.

[4:33:04 PM](#)

MS. ROSENBERGER added that one of the benefits SEIU has seen after implementing collective bargaining and increasing wages and training has been more employees staying in the child care field. She stated that the stance of SEIU is that there is more of a return on investment by growing the workforce and maintaining the workers that have entered the field already.

[4:33:56 PM](#)

REPRESENTATIVE SNYDER recalled her time utilizing child care professionals for her own children and shared that she located a worker through Thread, Alaska. She shared that this individual was a small, in-home daycare provider and asked how this might affect someone like her.

CO-CHAIR FIELDS responded that it would be her choice to unionize. He emphasized that this bill aims to give in-home providers the mechanisms to create a more sustainable business model and supply the amount of child care that working professionals need.

[4:35:10 PM](#)

MS. ROSENBERGER said that there was an overwhelming response from child care providers, but child care providers determine whether to opt in or abstain. In California, this only applies to those who receive subsidies, she noted, and many child care providers have chosen to join the union to benefit from the training mechanisms that it provides. It also gives providers a voice when it comes to new and necessary regulations. She

shared that there is a 97 percent approval rate among providers who have opted in.

[4:36:20 PM](#)

TRISTAN WALSH, Staff, Representative Zack Fields, Alaska State Legislature, presented the Sectional Analysis on HB 149 on behalf of Representative Fields, prime sponsor. He read Sections 1-10, which read as follows [original punctuation provided]:

Section 1: This section amends AS 23.40.070, the declaration of policy regarding the Public Employment Relations Act, to include child day care providers.

Section 2: This section amends AS 23.40.080 to give child day care providers the right to self-organize, join or assist an organization to bargain collectively and engage in concerted activities for the purposes of collective bargaining or other mutual aid or protection.

Section 3: This section amends AS 23.40.090 to include child day care providers in the definition of collective bargaining unit.

Section 4: This section amends AS 23.40.100(a) to include child day care providers in the statute regarding the election of representatives and organizations for collective bargaining.

Section 5: This section amends AS 23.40.100(b) adds child day care providers to the statute that directs the labor relations agency to officiate the election on representation following the determination that a question of representation exists.

Section 6: This section amends AS 23.40.110(a) to add child day care providers to the statute prohibiting unfair labor practices by the public employer or agent of the public employer.

Section 7: This section makes conforming changes in AS 23.40.205, regarding public employee family leave benefits.

Section 8: This section amends AS 23.40.210(d) to make conforming changes.

Section 9: This section amends AS 23.40.225 to add child day care providers. It clarifies that child day care provider have the right of non-association.

Section 10: This adds a new section to AS 23.40 to add language that clarifies that nothing in this bill makes child day care providers and organizations public employees, their inclusion in this bill does not form or terminate employer-employee relationship, change a child care provider's legal status as an entity, corporation or sole proprietorship. It also declares nothing in this bill is intended to interfere with compliance by a person, the state or political subdivision of the state with a federal law or requirement of a federal grant or subsidy. It also states that nothing in this bill prohibits a child day care provider from communicating with a public employer or another person. It also states that a child day care provider organization (union) may not process or administer payments for day care.

[4:39:36 PM](#)

MR. WALSH explained that sections 11-23 are conforming changes in definition.

[4:39:46 PM](#)

CO-CHAIR SPOHNHOLZ expressed that she is confused about the statute being updated referencing a public employee or an agent of a public employee [in Section 6 of the Sectional Analysis], but the bill does not designate child care employees as public employees.

CO-CHAIR FIELDS responded that that is correct. Child care workers are not becoming public employees, but are simply being given a mechanism to bargain in the child care sector.

CO-CHAIR SPOHNHOLZ commented that it is an interesting section of law in which to put the bill.

CO-CHAIR FIELDS replied that it goes back to the historic exclusion from the National Labor Relations Act (NLRA).

[4:40:29 PM](#)

MS. ROSENBERGER explained that the reason that designation is so important is because child care providers want to maintain their status as a small business and are dealing with the state already in regard to subsidies. There is already an interaction between the state and these small business, but HB 149 would allow the businesses to collectively negotiate that existing relationship.

CO-CHAIR SPOHNHOLZ directed the same question to an attorney from Legislative Legal and Research Services.

[4:41:25 PM](#)

DANIEL WAYNE, Attorney, Legislative Legal Counsel, Legislative Legal and Research Services, Legislative Affairs Agency (LAA), reiterated that this approach was used in California and some of the other aforementioned 11 states. He explained that the bill would broaden the mission of the ALRA to include oversight of labor issues for child daycare providers. If this bill was referring to other types of workers, for example, transportation workers, then Alaska might be preempted as a state from regulating labor in that sector because transportation workers are already covered by NLRA, whereas child care workers are not covered.

[4:43:03 PM](#)

CO-CHAIR FIELDS added that if an individual is a single provider of child care, there is no one with whom that individual can form a union. For this reason, he stated that it is important for small businesses in the industry to work together.

[4:43:19 PM](#)

REPRESENTATIVE MCCARTY asked Mr. Wayne whether the bill is stating that while these child care workers are recognized as an entity of the state, the workers are not "connected" to the state, but are "subsidized by the state, for the recognition with the state."

MR. WAYNE responded that he was not sure that was accurate. He said he doesn't think that the state would be subsidizing anyone. The bill would simply put ALRA in charge of regulating labor disputes and labor action between child care providers and public employers, he explained.

[4:44:49 PM](#)

CO-CHAIR FIELDS shared that this is an approach to "sectoral bargaining," where there is an attempt to raise standards in a section of an industry. He shared his opinion that the U.S. has a fairly outdated approach to labor relations with the bargaining based on a firm in combination with a racist and sexist history where women and farmworkers were excluded from NLRA. This bill would attempt to bring a sectoral bargaining framework to one sector that was historically excluded from federal labor law, and that is why it is "pigeon-holed" in bargaining with the state. He offered that a way to understand it is that the bill would be providing a framework for sectoral bargaining for small businesses.

[4:45:55 PM](#)

CO-CHAIR SPOHNHOLZ reminded the committee that this was an introductory hearing, and the committee would have more time to discuss HB 149 in the future.

[4:46:27 PM](#)

REPRESENTATIVE MCCARTY shared his understanding that the state is subsidizing the programs, and asked for clarification on that point.

CO-CHAIR FIELDS responded that subsidies are already provided based on eligibility to certain families, and that would continue if this bill were to pass. If the federal government chooses to subsidize child care in a more meaningful way, then HB 149 would allow the State of Alaska to capitalize on that. In closing, he shared that he would be open to other ideas to improve child care, but that he thinks that the committee needs to address the issue.

[4:47:45 PM](#)

CO-CHAIR SPOHNHOLZ announced that HB 149 was held over.

HB 110-AGE FOR NICOTINE/E-CIG; TAX E-CIG.

[4:47:54 PM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 110, "An Act raising the minimum age to

purchase, sell, exchange, or possess tobacco, a product containing nicotine, or an electronic smoking product; relating to transporting tobacco, a product containing nicotine, or an electronic smoking product; relating to the taxation of electronic smoking products; and providing for an effective date."

4:48:12 PM

REPRESENTATIVE SARA HANNAN, Alaska State Legislature, explained that HB 110 would primarily accomplish two items: it would change the state law regarding tobacco and tobacco products in confirmation with the federal law by changing the sell age from 19 to 21; and it would put an excise tax onto electronic cigarettes or "e-cigarettes." She continued that Alaska taxes tobacco depending on the type of tobacco product. She said that the last time tobacco taxes were changed was 12 years ago when e-cigarettes weren't as prominent as they are now. This means that currently, there are no taxes on e-cigarettes in Alaska. She made the distinction that cannabis e-cigarettes are taxed at the same rate as other cannabis products because e-cigarettes did exist when the cannabis industry began in Alaska.

REPRESENTATIVE HANNAN recalled that during the Thirty-First Alaska State Legislature, there were two bills that intended to do the same things that HB 110 proposes, but that she combined them into one bill. She opined that the bill is simple, but appears long and complicated because the age change appears in a number of places in the statutes. She added that tobacco is a highly regulated product across the nation, so the federal government has always had a strong hand in regulation. There has been a disruption created in that oversight with e-cigarettes because they do not always start with raw tobacco and do not typically end up being sold by the same retailers.

REPRESENTATIVE HANNAN shared that e-cigarettes have become popular among young people who are under the age of 21 and often under the age of 19. The Center for Disease Control (CDC) conducts a national tobacco survey every other year, she said, and between 2017 and 2018, the CDC found a 78 percent increase in the use of e-cigarettes by high school students. There has been a downturn in other tobacco products, but e-cigarettes have become an "entre into the nicotine addiction," she continued. She stated that nicotine is a highly addictive substance and if, by adding e-cigarettes into a tax structure, the price of e-cigarettes can be increased and therefore deter young people from buying them, there will at least be a delay in access to

nicotine. She noted that there is a perception among young people that e-cigarettes are not as risky as other nicotine products, but there is no research that supports that. Conversely, research shows that an addiction may come on more quickly with the use of e-cigarettes because the rate of absorption is much higher.

4:53:35 PM

REPRESENTATIVE HANNAN explained that the goal of the proposed bill is to discourage young people from smoking, conform Alaska's laws to the federal standards, and produce some revenue. She added that the bill would also prohibit the e-cigarettes products from being sold over the Internet and require age-verification when a purchaser buys e-cigarettes that are delivered to them.

4:55:12 PM

EMILY NENON, Alaska Government Relations Director, American Cancer Society Cancer Action Network, shared that she has been working on tobacco prevention policy for a number of years, and she works closely with the American Heart Association and the American Lung Association. Increasing the price of e-cigarettes is a critical strategy in decreasing youth tobacco use and from preventing youth from ever starting to consume tobacco products, she continued. She stated that increasing the price is one of three strategies that are most successful in decreasing youth tobacco use. The other two strategies are having a comprehensive prevention program and having smoke-free workplaces. She stated that early in her career, she worked on the 2004 tobacco tax increase in Alaska, and she noted that the tax statute hasn't changed since then, but the market has. She said that the market has expanded significantly, especially with the latest generation of e-cigarette products. These e-cigarette products combine technological advancements with flavored nicotine. She mentioned nicotine salts, which ease the "throat hit" of nicotine, as an example of the way in which these products are made easier for youth to use and put them at a greater risk of developing an ongoing addiction.

MS. NENON continued that the American Cancer Society Cancer Action Network shares the concerns about the health effects of e-cigarettes. She shared that a frequent question is, "How do these e-cigarettes compare with the health harms of regular cigarettes?" She asked the committee to consider this: the combusted cigarette has over 3,000 chemical compounds, and 69 or

70 of those are known human carcinogens or cancer-causing agents. It is not difficult to be less harmful than the combusted cigarette, she said. She stated that the health organizations do support removing old penalties for youth possessing tobacco and are in favor of helping youth get access to tobacco cessation services rather than criminalizing youth for being addicted to a product that has been heavily marketed to them.

[4:59:30 PM](#)

CO-CHAIR SPOHNHOLZ invited questions from the committee.

[5:01:22 PM](#)

REPRESENTATIVE KAUFMAN said that he has received arguments on both sides of this issue. There is a concern that increasing taxes will increase the "black market," and he stated that he shares this concern.

[5:02:12 PM](#)

REPRESENTATIVE HANNAN emphasized that there is no tax right now. This would add tax into the structure, not increase existing tax. She added that the black market for e-cigarettes exists, but anyone who is under the age of 19 is already illegally purchasing and consuming nicotine. She asked him to consider whether, by adding taxes to the structure, the state might gain a better control on the black market that already exists.

[5:03:05 PM](#)

MS. NENON shared that the black market reasoning is something that comes up often in the discussion of tobacco regulation. She highlighted that buying patterns are an important topic to consider, as most users of regular tobacco products want to quit and buy tobacco products one pack at a time. She noted that this bill is timely because it follows behind a "major overhaul" in federal law regulations on common carriers being able to ship e-cigarette products. She shared that there is much more of an emphasis on catching illegal products before they can enter the market than there used to be, and that addition regulations on shipping will help with that as well.

REPRESENTATIVE KAUFMAN responded that another common point of discussion is that people say they use e-cigarettes to quit

smoking cigarettes. He asked if she thinks there is any merit to that argument.

MS. NENON responded that her advice to these individuals wanting to quit is to use Food and Drug Administration (FDA) approved tobacco cessation products that are subject to rigorous medical standards. She said that no e-cigarette company has applied to have its products be treated as tobacco cessation products by the FDA. She emphasized that e-cigarettes are not tobacco cessation products. The biggest impact will come from keeping kids from ever starting to consume these tobacco products, she added.

[5:06:27 PM](#)

CO-CHAIR FIELDS added that when e-cigarette products first came out, they were marketed as tobacco cessation devices, but that that marketing device was belied by companies marketing directly to kids who were not addicted yet by utilizing certain colors and flavors to appeal to them. The claim was also belied when "big tobacco" took over these e-cigarette companies. He concluded that if the claim that e-cigarettes help people to stop smoking were true, those companies would've applied to be considered smoking cessation devices and these big tobacco companies wouldn't have aggressively marketed the products to kids.

CO-CHAIR SPOHNHOLZ shared a personal anecdote about a family member who used to smoke traditional cigarettes and now smokes e-cigarettes, and he is "as hooked as he was before, he just smells different."

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REPRESENTATIVE HANNAN directed attention to Section 3 of the bill and explained that this section states that proven tobacco cessation products would be excluded from the proposed taxation statutes.

[5:08:23 PM](#)

REPRESENTATIVE MCCARTY asked where the age change from 19 to 21 is being implemented in other states.

REPRESENTATIVE HANNAN replied that it depends on the state. She said that she has information of how each state has complied,

but she may have to get back to the committee with that information.

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MS. NENON responded that the FDA is responsible for implementation up to age 21 across the nation, and then every state has its own laws. This bill would update Alaska's statute so that the state can implement regulations on top of the federal requirements in compliance. She added that Alaska has a successful compliance program with vendor education, but would like to be able to do that work up to age 21 instead of relying on the FDA, but the FDA is doing that work now across the nation.

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CO-CHAIR SPOHNHOLZ announced that HB 110 was held over.

CONFIRMATION HEARING(S) :
State Board of Registration for Architects, Engineers & Land
Surveyors
State Physical Therapy & Occupational Therapy Board
Board of Dental Examiners
Board of Examiners in Optometry
Board of Marital & Family Therapy
Board of Professional Counselors
Board of Psychologist & Psychological Associate Examiners
Board of Social Work Examiners
Regulatory Commission of Alaska

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CO-CHAIR SPOHNHOLZ announced that the final order of business would be confirmation hearings in consideration of the governor's appointees to the various boards and commissions.

CO-CHAIR SPOHNHOLZ stated that the House Labor and Commerce Standing Committee had reviewed the qualifications of the following governor's appointees for consideration: Jake Maxwell, Arpad "Bruce" Magyar, and Catherine Fritz to the State Board of Registration for Architects, Engineers and Land Surveyors; Nathan Missler to the State Physical Therapy and Occupational Therapy Board; Christina Hansen, Bradley Heaston, and Gregory Johnson to the Board of Dental Examiners; Pamela Steffes and Michael Mavencamp to the Board of Examiners in Optometry; Richard Clampitt, Joy Collins, and Kayla Green to the

Board of Marital and Family Therapy; Sammie O'Neal and Eleanor Vinson to the Board of Professional Counselors; Bernard Gatewood, Bradley McConnell, and Sherri Scott to the Board of Psychologist and Psychological Associate Examiners; Brandon Ercanbrack to the Board of Social Work Examiners; and Robert Pickett and Keith Kurber to the Regulatory Commission of Alaska. She noted that each member's signature on the committee's report in no way reflects the member's vote during the joint floor session. There being no objection, the confirmations were advanced.

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ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:12 p.m.